



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

Advisory Council Working Group on Local Government Issues

Meeting Minutes

Wednesday, October 13, 2010

9:30 a.m. – 3:00 p.m.

Donovan Building on Last Chance Gulch in Downtown Helena
(Next to Wells Fargo Bank)

Attendees:

Advisory Council Working Group on Local Government Members:

Kathy Bessette, Chair, Hill County Commissioner
Kim Buchanan, Gallatin County Treasurer
Jerry Jimison, Glendive Mayor
Susan Nicosia, Columbia Falls Finance Director (by video conference)
Chris Veis, Former Billings City Council Member
Lisa Smith, Powell County Treasurer
Paulette DeHart, Lewis and Clark County Treasurer

Excused:

Jason Wiener, Missoula City Council Member

Department of Revenue:

Dan Bucks, Director
Alan Peura, Deputy Director
Gene Walborn, Business and Income Taxes (BIT)
Ed Caplis, Tax Policy and Research (TPR)
Rian Miller, Information Technology and Processing (IT/PRO)

Other Attendees:

Ralph Franklin, Governor's Budget Office
Jim Standaert, Legislative Fiscal Division
Bob Vogel, Montana School Board Association
Marsha Davis, Lewis and Clark Superintendent of Schools
Denise Ulberg, Office of Public Instruction (OPI)
Janelle Mickelson, Office of Public Instruction (OPI)
Ronda Wiggers, Montana County Treasurers

Note: All DOR reports presented at this meeting are online at:

http://revenue.mt.gov/committees/local_govt_wg/default.mcp

I. Welcome and Introductions – Commissioner Kathy Bessette, Chair

Chair Kathy Bessette welcomed everyone to the Advisory Council Working Group on Local Government meeting. Minutes from the June 25, 2010 meeting were approved, as amended noting that Harold Blattie is not a state employee.

Everyone introduced themselves to the council.

The resignation of Ryan Rusche from the council was announced.

II. Update on Local Government Budget Bill Timeline – DOR staff: Alan Peura (Deputy Director)

Alan explained the proposed budget bill amendments and the fact that DOR would be losing several weeks from the current schedule. Department of Revenue would be able to meet the new deadline only if 100% of the reporting was completed on time. There was much discussion on the appropriate course of action to ensure that all meet the deadline. Director Bucks suggested that if a county is late in delivering the local data, DOR will process other counties first and set a new date for delivery of the tax data for the late county (at the discretion of DOR). The public will be made aware of the dates, so there is transparency. The council agreed this was a reasonable and fair suggestion.

III. Update on Certified Values and Newly Taxable Property – Dan Bucks, Director and Gene Walborn (BIT)

Director Bucks reported there was an increase across the board on certified values and newly taxable property. However, oil and gas production tax values have had an average decrease from 2008 to 2009 due to the average prices of natural gas and oil decreasing. Gene presented a graph that shows that the natural resource audit collections jumped from \$5.1 million in 2009 to \$17.3 million in 2010. Of this total, Montana keeps 48%, with 50% of that going back to the counties. Gene also spoke about the Coal Gross Proceeds Litigation – Musselshell County filed a complaint against the Department of Revenue and Yellowstone County for the allocation of revenue from the Bull Mountain Mine.

IV. Summary of Revenue and Transportation Interim Committee (RTIC) Action Items – Alan Peura (Deputy Directory)

Alan provided an overview of each of the committee bill drafts that were approved and not approved by the RTIC. Approved were:

- Public disclosure of real estate sales price for class four residential property,

- Public disclosure of real estate sales price for class four commercial property, and
- Several housekeeping matters.

Not approved were:

- Revise the property reappraisal process from a six-year cycle to a one-year annual valuation process,
- Reduce the tax rate on class four property between reappraisal cycles for property that experiences a market value decrease,
- Create a commercial property reappraisal advisory committee,
- Establish a circuit breaker income tax credit for low income property taxpayers,
- Revise the income threshold levels and percentage multipliers under the property tax assistance programs.

V. 2011 Legislative Session Update – Alan Peura (Deputy Director)

Alan discussed the five DOR agency bills, which are:

- Revise liquor laws to provide nonprofit with ability to raffle/auction wine and beer for charity,
- Eliminate confusion in the liquor application creditor protest process and adopt a good neighbor policy for neighboring states,
- Increase the consistency, clarity and understandability of laws regarding the serving of underage and intoxicated persons,
- Equalize the deduction for federal taxes between trusts and individual income taxpayers,
- Improve the efficiency of state tax systems administration by allowing the electronic copy of tax forms to serve as the official record and by simplifying the redistribution to the general fund of accommodations tax paid by state agencies
- Improve, clarify and make property tax administration more effective.

VI. Other Business – All

Kim spoke about issues regarding the County Tax Appeal Board in Gallatin County and concerns about “off the record” comments. Dan suggested that the Council have a discussion with the State Tax Appeal Board to discuss and clarify the requirements of the County Tax Appeal Board.

VII. Public Comment

No public comment.

VIII. Next Meeting Date

The next meeting is set for Wednesday, May 11, 2011. Teleconferencing options may be utilized between now and then for updates or small discussions.

Local Government Working Group Purpose:

The Working Group shall gather information and may make recommendations on issues concerning, but not limited to, the annual certification of taxable values and new taxable property, enhancements to Department communication and services to local governments, and the administration of shared revenue sources (e.g. coal gross proceeds and oil and gas revenues).